

**STATE BUILDING PROGRAM PARTNERSHIPS
FACTS ABOUT THE FEDERAL ENERGY STAR PROGRAM**

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Introduction

There's good news for states seeking assistance in implementing large-scale energy efficiency and public benefits programs. The United States Environmental Protection Agency (EPA) now seeks to partner with public benefits program administrators in State Energy Offices to provide its ENERGY STAR² program resources as a platform for running state-level energy efficiency programs. It is now easier than ever to partner with ENERGY STAR and give your state and project contractors access to ENERGY STAR's market tools, marketing and communications materials, and strategic approach. This document provides State Energy Offices with the information necessary to begin integrating ENERGY STAR into current statewide energy efficiency programs aimed at commercial and institutional markets. This document will also help states planning for large-scale energy efficiency programs in the future to understand partnership support available through the ENERGY STAR program.

Since its inception in 1991, ENERGY STAR has been an effective way for businesses, governments, and schools to increase their profitability and value through uncovering the link between energy, environmental, and financial performance. The EPA estimates that U.S. organizations can save \$130 billion by 2010 if they are able to take advantage of currently available, profitable energy efficiency technologies, and practices. In progressing towards this goal, ENERGY STAR partners—representing 15 percent of the commercial, public, and industrial building markets—saved more than 20 billion kWh of energy in 1999.

With the advent of public benefits and other large-scale energy efficiency program efforts, many states have found that their programs have expanded in both scope and visibility. Adding to this growth, legislative action over the next several years could spur the continued creation of energy efficiency programs in other states. Those states currently pursuing public benefit efforts have found that program planning involves resource-intensive research and complex program choices. In addition, competing sectors, and the varied program interests and stakeholders involved scrutinize these larger programs

intensely. Programming pressures such as these have typically presented State Energy Offices with new and varied challenges. These new challenges, however, are also an exciting opportunity for states to tackle statewide and/or regional energy efficiency needs while addressing market transformation or resource acquisition goals. There is a lot to be learned from both Energy STAR and those states that have already begun this process.

Public Benefits Programs

Traditionally, State Energy Offices have been responsible for the design, implementation, monitoring, and reporting tasks associated with energy efficiency programming efforts for their state. State Energy Offices typically initiate individual programs in response to the needs of residents and businesses. Over the past several years, however, electric regulation and restructuring efforts have focused such programming on the state as a whole. States in some parts of the country face energy challenges that necessitate enhanced energy efficiency efforts; those in other areas are responding to legislative mandates and test programs.

Furthermore, given state-led public benefits funding, public benefits will have a direct and substantial effect on program development nationwide. Several states are already designing and implementing large-scale public benefits programs and face challenges unique to these programs. Market barriers, resource availability, evaluation designs, and program characterization are key elements, and various audiences view each differently, increasing the programs' planning challenges.

Because ENERGY STAR affects energy efficiency on a broad scale, new statewide programs will be visible to more consumers than were traditional programs. In addition, EPA's marketing efforts will boost branding awareness; more than 30 percent nationwide now recognize the ENERGY STAR label. Moreover, while the media continues to focus on energy issues, consumers are becoming savvier and are demanding energy efficient goods and services. Together, state and federal governments can work with consumers, builders, manufacturers, and retailers to increase the quality and variety of energy efficient products and services available in the marketplace.

ENERGY STAR Program Overview

ENERGY STAR collaborates with a wide range of building owners and users, including retailers, healthcare organizations, real estate investors, state and local governments, schools and universities, and small businesses. Each program partner commits to improving the energy performance of its organization and uses the performance metrics and tools provided by ENERGY STAR to achieve significant savings in both dollars and air pollution.

In addition to incorporating energy efficient products and services in commercial buildings, ENERGY STAR utilizes a state-of-the-art performance rating system that awards the most efficient buildings across the country the ENERGY STAR label. This innovation in the commercial marketplace has motivated a wide range of organizations to capture the environmental and financial value of improved energy performance.

The rating system allows organizations to set goals and targets, as well as track the energy use and the performance of a portfolio of buildings or facilities. Furthermore, ENERGY STAR provides a financial benchmark that enables energy performance comparisons between similar organizations and analysis of the effects of energy investments on overall financial performance.

Businesses, governments, and schools using the ENERGY STAR approach follow a proven, cost-effective strategy to save money by reducing the total energy consumption of their buildings. The EPA provides unbiased technical information, customized support services, public relations assistance, and access to a broad range of resources and tools. States, in turn, can customize their programs to deliver these same tools to state-level participants.

Seeing public-private partnerships as critical to the success of energy efficiency in the future, many states are turning to the private sector to implement their public benefits programs. No less critical will be partnerships – such as those fostered by ENERGY STAR -- between the states and the federal government aimed at achieving greater economic growth and pollution reductions through public investments in energy efficiency. The ENERGY STAR program team can help states customize and implement the ENERGY STAR program so they can integrate it into their own commercial sector programs. Customization of this national

program gives states access to the marketing, communications, and technical resources already developed by ENERGY STAR, which include the following:

- ✍ Financial value messages targeted to specific market segments including retail, hospitality, healthcare, public sector and commercial real estate
- ✍ The national energy performance rating system for buildings (energy benchmark), now available for offices, schools and supermarkets
- ✍ A strategic action plan for corporate energy management
- ✍ A building upgrade technical manual based on five specific stages of performance improvement
- ✍ A new online financial value calculator which estimates bottom line impact for key business types

Recent Challenges

To fulfill ever-expanding energy efficiency programs, states must increase their program scope and offerings while utilizing existing resources. For those states new to working with public benefits or other large sources of funding, this task can be overwhelming.

Some of the more notable challenges states have identified include the following:

- ✍ Coordination of programs across states and regions
- ✍ Overcoming state barriers: time, interest, resources, and expertise
- ✍ The provision of accurate and timely information to state legislators and decision makers
- ✍ Understanding market barriers and shifts in market characteristics
- ✍ The ability to leverage limited administrative funding
- ✍ Developing branding strategies for program efforts

The good news is that states are finding ways to address and overcome these challenges. States have found a variety of solutions, some of which include partnering with the EPA's ENERGY STAR programs.

How ENERGY STAR Can Help Meet Identified State Challenges

Coordination of Programs Across States and Regions. Despite potential gains from regional coordination efforts, many states choose to pursue programs independently. Sometimes, this represents program diversity between states in the same region; in other cases, individual state funding structures direct all resources on in-state program efforts even before programs are created. Working within these constraints, ENERGY STAR can help states capture economies of scale associated with larger program efforts while allowing states to maximize funding internally. As a national program, ENERGY STAR enables states to both standardize overall program features and customize specific aspects at the state level. This approach gives states access to extensive marketing materials and support. Furthermore, when multiple states in a region coordinate program efforts, the overlap increases message exposure while bringing complementary program benefits to all residents in the region.

Collaboration with ENERGY STAR is mutually beneficial. While states help promote energy efficiency through the ENERGY STAR label, they gain access to national resources, maximize their program funds, and still retain the ability to customize programs to meet their residents' needs. In addition to state-level partnerships, states may work through ENERGY STAR on regional coordination efforts.

The strength of the ENERGY STAR program is growing steadily. By the end of 1999, more than 1,200 manufacturers were producing 7,000 ENERGY STAR labeled products in 31 consumer product categories, and by the end of 2000 there were nearly 500 buildings bearing the ENERGY STAR label. Partnership efforts with states will further increase the quantity of energy efficiency programs and services available to residents in each state.

Overcoming State Barriers: Time, Interest, Resources, and Expertise. As state mandates require states "to do more with less," creating and implementing new programs can be a daunting task, especially within the tight time framework needed to demonstrate success. Aside from time constraints, it is often difficult for states to procure sufficient administrative resources to review existing research and design effective programs. Because public benefits programming efforts are so important, states need to capture and retain the attention of top-level decision makers.

ENERGY STAR provides the guidelines, additional resources, and support to help states develop effective statewide energy plans. Because research is continuously compiled and analyzed, the EPA can assist states with the technical aspects of ENERGY STAR.

The Provision of Accurate and Timely Information to State Legislators and Decision Makers. In light of the taxpayer dollars spent on public benefits programs, states must provide considerable information to decision makers and legislators interested in examining the programs' benefits. These requirements affect the evaluation and monitoring components of their programs, imposing additional pressure on State Energy Offices.

As an established national program, ENERGY STAR has years of information and a wide range of communications material. Since ENERGY STAR's inception, the EPA has been collecting data and conducting market research. States opting to partner with ENERGY STAR will not only become part of the EPA's data bank but also will have access to the ENERGY STAR data resources. This information, combined with state resources, will enable states to present accurate energy efficiency market pictures for state decision-makers.

The following types of data, information, and materials are available to states coordinating with ENERGY STAR:

- ✍ Existing ENERGY STAR program data, which can be used by states to compare programs regionally and nationally
- ✍ Information for state energy program presentations or testimony—based on years of market data
- ✍ A Buildings database with years of building data—allows state building partners to compare their facility's performance with that of other similar buildings and organizations
- ✍ Communication materials targeted to specific market segments—addressing monetary savings, environmental preservation, fiscal management, and energy efficiency—that can be tailored by individual states.

Understanding Market Barriers and Shifts in Market Characteristics. The EPA continuously tests and refines ENERGY STAR. Program elements change to meet the shifting needs of the marketplace. States partnering with ENERGY STAR are part of the EPA's collective research, which means that states can apply these analyses to their own programs in a continuing effort to understand barriers and shifts in the energy efficiency markets.

The Ability to Leverage Limited Administrative Funding. As with the federal government, states have limited administrative resources with which to plan and implement energy efficiency programs. States capitalizing on existing efforts and the momentum of ENERGY STAR will maximize their programming efforts. The EPA has support material and hands-on assistance that can help states with program design, implementation, monitoring, and reporting.

By sharing the administrative aspects of running energy efficiency programs with ENERGY STAR, states not only benefit from the resources of ENERGY STAR, but also are able to coordinate with ENERGY STAR and other states in their region on similar implementation efforts.

Developing Branding Strategies for Program Efforts. Many states launching new program initiatives will almost certainly struggle with the issue of branding and market awareness for their program. Discerning which programs require marketing, and capturing the public interest in a sustained way is difficult and demands time, resources and a continuous marketing presence. Finding the internal or external energy efficiency marketing expertise and funding to meet programmatic needs is often a daunting task.

Transforming the energy efficiency market shouldn't be confusing for consumers and businesses—or states. Partnering with ENERGY STAR will bring consumers and business the same types of information they are exposed to on a national level. States that partner with the ENERGY STAR program gain access to the ENERGY STAR label and targeted, market-tested promotional materials.

The ENERGY STAR label is a nationally recognized brand, which can help states publicize their energy efficiency programs. Since its inception, ENERGY STAR has been sending a consistent message to consumers and businesses about the benefits of improved energy performance. In partnership, states and ENERGY STAR can increase the awareness of the ENERGY STAR brand and the effectiveness of state energy efficiency programs. Together, states and ENERGY STAR can introduce more consumers and businesses to the value of ENERGY STAR, and therefore the value of improved energy performance.

Is Your State Ready for a Strategic Partnership with ENERGY STAR?

As leading energy efficiency experts, states and project implementers know that selling energy efficiency is not always easy. Although the savings and benefits of energy efficiency seem obvious, gaining commitments from many project participants requires extensive time and assistance from State Energy Offices.

Although ENERGY STAR is a national program, the EPA works with each state on individual implementation strategies. These customized programs help states attract appropriate program participants. In partnership with ENERGY STAR, states and the EPA will increase energy savings in states through sustainable market practices that promote energy efficient products and services. For every federal dollar spent on ENERGY STAR programs, \$60 in net savings is obtained. Combined with state programming efforts, additional savings will be realized.

States choosing to partner with ENERGY STAR gain a critical advantage over those states relying solely on their own resources. ENERGY STAR partners have access to valuable energy efficiency data, tools, and resources, including the following:

- ✍ Unbiased information and numerous resources applicable to all state projects
- ✍ The ENERGY STAR web-based national energy performance rating system (energy benchmark) to rate building efficiency levels and compare performance with similar buildings statewide (and nation-wide)
- ✍ Strategic energy management tools, including the financial value calculator, QuickScope, building upgrade decision support software and a building upgrade technical manual
- ✍ ENERGY STAR tools for new building design

- ✍ The ENERGY STAR logo, research data, case studies, and marketing materials

Summary

Benefits of Integrating ENERGY STAR into State Energy Efficiency Programs

- ✍ ENERGY STAR provides states and program implementers with national support to help increase the visibility and momentum of state and regional efforts
- ✍ Combined programs provide states with instant regional and national support and assistance from such organizations as the EPA
- ✍ States are able to leverage their programs with existing ENERGY STAR efforts—maximizing coordination between states and the EPA
- ✍ States can use the ENERGY STAR label (critical for branding) and implement programs using all of the EPA’s experience and program research
- ✍ ENERGY STAR has been in operation for more than 10 years and has considerable momentum and recognition among consumers and businesses
- ✍ The ENERGY STAR program has the resources to continually test and refine various aspects of the program to meet the evolving needs of the marketplace
- ✍ State ENERGY STAR partners have access to extensive marketing materials
- ✍ Energy star is a broad label with programs structured to work with multiple industries/market sectors across states, offering greater recognition and program visibility.
- ✍ States limited by time, financial resources, and in-house expertise can leverage existing resources with the ENERGY STAR initiative.
- ✍ ENERGY STAR has a proven track record; partnerships with the ENERGY STAR program gain access to the collective expertise, market research, and history necessary to establish credibility for buy-in by state-level decision makers
- ✍ ENERGY STAR programs are mature and can be rolled out quickly to keep the states current with their public benefits implementation schedules
- ✍ ENERGY STAR programs are diverse and address each sector of the state’s economy—from buildings and new construction programs to retail appliance integration

- ☞ States partnering with ENERGY STAR will be able to offer potential program participants proven strategies to reduce building energy costs by 25 percent to 30 percent while increasing the comfort and quality of the building/facilities

Working With the ENERGY STAR Program: Next Steps

Guidance is available for those states interested in partnering with ENERGY STAR. As you design your state's programs, the EPA will work with both the State Energy Office and any selected contractors to ensure that your state's program meet outlined energy efficiency program goals while capitalizing on the strengths of the ENERGY STAR label and available resources. For those states in the early planning stage, the EPA will discuss partnership possibilities in greater detail.

For information on all of the ENERGY STAR resources, visit the ENERGY STAR Web site at www.epa.gov or call the ENERGY STAR Hotline at 1800-STAR YES.